

2011 317 W/S  
233034

October 18, 2011

Mr. John E. Howard, Chairman  
Public Services Commission (PSC) of South Carolina  
101 Executive Center Drive, Ste 100  
Columbia, SC 29210

Dear Mr. Howard:

I am writing in regard to the complex Kiawah Island Utility (KIU) water/sewer rate request now before the PSC. As you know, this involves a two phase total 39% increase in water rates which seems exorbitant. As I understand it, the first phase involves the normal process of addressing increased operating expenses and the desired operating margin. The second phase concerns adding a redundant water line to Kiawah to provide a margin of security for the water main installed in 1978.

I believe the two phases should be separated and the second phase deferred in consideration of the following:

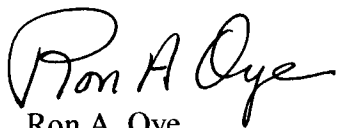
- the final Phase 1 approval may impact on the Phase 2 request
- the owner of the for-profit KIU is the island developer who plans to sell the utility in the near term and would benefit from the rate increase with a higher utility value
- the possible benefits for linking the two phases are not evident in the application.

Regarding the Phase 1 rate increase of a hefty 23%:

- is this increase needed to maintain (or does it increase?) the average 8% operating margin evident in the last 5 requested increases of 1990-2001?
- how and why did KIU wait 10 years from the last increase request?
- what in-state rate comparisons are used to support the size of this increase?

Water is a survival commodity and the price we pay is largely dependent on the work the PSC does to protect the citizens of South Carolina. I would appreciate your careful consideration of the KIU Phase 1 request and determination of the increase that is necessary and justified before moving onto Phase 2.

Sincerely,



Ron A. Oye  
Resident, Kiawah Island, SC

R. OYE  
108 PLEASANT JACUET  
KIAWAH ISL, SC 29455